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SUBJECT: JERUSALEM MEDIA REACTION (03/18): THEORIES ON WHO IS TO  
BLAME FOR PRISONER EXCHANGE DEAL FAILURE

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Main Stories:  
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All papers lead with March 17 televised statements by Israeli Premier Olmert announcing the failure of prisoners exchange negotiations with Hamas. The papers report that Israel has decided to form two cabinet committees, one to propose ways to exert pressure on Hamas and the other to propose legislation that will change, "Palestinian prisoner detention conditions to equal those of the captured Israeli soldier in Gaza." The papers report on Hamas and Israel trading blame for the failure and speculate that negotiations may continue "behind the scenes." The three papers, citing Israeli media, publish a list of the Palestinian prisoners who Israel would have released.

All front pages cite DPA in quoting UNRWA Commissioner General Karen Abu Zayd stating on March 17 that Israel is conditioning the entry of humanitarian assistance into Gaza on the release of captured Israeli soldier Shalit.

All dailies run front page coverage of stalled internal Palestinian dialogue in Cairo. The papers report that "not much progress" has been made and that the major obstacle remains the question of the composition and policy of the next Palestinian Authority (PA) government. The negotiation High Committee will attempt to settle the issue, where specialized committees have failed, reporting notes. Papers also report that Egypt has asked Palestinian factions to extend talks through March 19 and that Egyptian Intelligence Chief Sulayman is in Washington. Sulayman's visit is part of Egyptian-Palestinian international efforts to promote a "national consensus" Palestinian government, to include a Hamas faction that will not recognize Israel. The papers continue that Nabil Shaath of Fatah "reminded" other factions that acceptance of Quartet and international conditions is required to gain international recognition for any future PA government.

Al Quds' and Al Ayyam's front pages again highlight the 17 house demolition orders issued to Palestinians in the East Jerusalem neighborhood of Thuri by the Jerusalem Municipality. Coverage also notes the demolition of a top floor in a Palestinian apartment building in Jerusalem's Bayt Safafa area on March 17. Al Quds and Al Ayyam run a front page photo of a woman crying over her demolished home, as her 9 year old son looks on. All papers report that Egypt arrested a Hamas delegation member who was returning to Gaza from Palestinian reconciliation talks in Cairo on March 17. The papers report that the Egyptian border police found the delegate in possession of \$850,000 dollars and night vision equipment. In related news, Al Quds and Al Ayyam front page reports that Hamas has refused an offer by Egypt to open the Rafah crossing to Gaza in protest of Egyptian "practices" at the crossing. Al Ayyam's front page reports that the U.S. has denied entry to, "the Israeli national security candidate" Uzi Arad, citing Washington Post reporting. The report explains that the U.S. considers Arad a security threat, believing that he is linked to leaks of U.S. classified information.

Al Quds runs a front page Reuters report about a study by U.S. think tank, Center for Strategic and International Studies, asserting that Israel may use long-range missiles to attack Iran.-----  
BLOCK QUOTES:  
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1) Independent daily Al Quds titles their editorial, "Olmert obstructs prisoner exchange deal"(03/18): "Olmert was never serious

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about making a final decision about the prisoner exchange deal [with Hamas]. Instead, he let time run out in the test of nerves, which has always been a lose-lose game..."

2) Omar Al Ghul opines in official daily Al Hayat Al Jadida under the title, "What deal does Olmert want?"(03/18): "[The Israeli-Hamas prisoner exchange deal] does not seem to be have been turned off completely, but rather has been turned down low, to continue cooking until the time is ripe. Current developments suggest that wrapping up the deal might take longer unless Hamas backs down from its demands and yields to Olmert's conditions... opening the crossings...is conditional on releasing [captured IDF soldier Shalit]."

WALLES